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swallow*

NIAGARA COMMUNITY FOUNDATION

Financial Statements

December 31, 2002



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AUDITORS' REPORT

To the Directors of
Niagara Community Foundation

We have audited the balance sheet of Niagara Community Foundation as at December 31, 2002 and the statements of revenue, expenses and fund balances and cash flows for the year then ended. These financial statements are the responsibility of the foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the foundation derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to amounts recorded in the records of the foundation and we were not able to determine whether any adjustments might be necessary to donations, excess of revenue over expenses, assets and fund balances.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of donations referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the foundation as at December 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Niagara Falls, Ontario
April 11, 2003

CRAWFORD, SMITH AND SWALLOW
CHARTERED ACCOUNTANTS LLP

NIAGARA COMMUNITY FOUNDATION

BALANCE SHEET

December 31, 2002

Assets	2002	2001
	\$	\$
Cash	123,587	128,824
Temporary investments	259,047	89,037
Accounts receivable	2,024	1,998
Prepaid expenses	1,774	1,223
Investments	938,387	533,530
Fixed assets - note 2	2,513	2,986
	1,327,332	757,598
Liabilities and Fund Balances		
Liabilities		
Accounts payable and accrued liabilities	11,716	3,417
Deferred revenue	35,470	18,750
	47,186	22,167
Fund Balances		
Operating fund - note	95,914	95,762
Endowment fund	1,184,232	639,669
	1,280,146	735,431
	1,327,332	757,598

Signed on behalf of the board:

_____ Director

_____ Director

See accompanying notes

NIAGARA COMMUNITY FOUNDATION
STATEMENT OF REVENUE, EXPENSES AND
FUND BALANCES

for the year ended December 31, 2002

	Operating Fund \$	Endowment Fund \$	2002 \$	2001 \$
Revenue				
Donations	41,779	547,672	589,451	465,000
Restricted donations		15,100	15,100	
Investment income (loss)	1,154	(28,725)	(27,571)	23,591
Special events and sundry	42,405		42,405	4,975
Trillium grant	18,750		18,750	25,000
Other grants	3,296	45,590	48,886	10,000
	107,384	579,637	687,021	528,566
Expenses				
Advertising and promotion	4,991		4,991	10,429
Depreciation	694		694	874
Education services	2,909		2,909	3,615
Grants		31,442	31,442	9,500
Insurance	1,025		1,025	1,387
Investment counsel fees		7,845	7,845	1,327
Office and administration	11,558		11,558	8,517
Professional fees	2,100		2,100	2,030
Rent	6,016		6,016	2,406
Salaries and benefits	63,803		63,803	60,923
Special events	3,861		3,861	
Telecommunications	2,239		2,239	1,595
Travel	3,823		3,823	2,719
	103,019	39,287	142,306	105,322
Excess of Revenue over Expenses for the Year	4,365	540,350	544,715	423,244
Fund Balance, Beginning of Year	95,762	639,669	735,431	312,187
Transfers				
Administration fee	5,287	(5,287)		
Other	(9,500)	9,500		
Fund Balance, End of Year	95,914	1,184,232	1,280,146	735,431

See accompanying notes

NIAGARA COMMUNITY FOUNDATION

STATEMENT OF CASH FLOWS

for the year ended December 31, 2002

	2002	2001
	\$	\$
Operating Activities		
Excess of revenue over expenses for the year	544,715	423,244
Depreciation	694	874
Working capital provided by operations	545,409	424,118
Changes in working capital components		
Temporary investments	(170,010)	14,963
Accounts receivable	(26)	5,494
Prepaid expenses	(551)	4
Accounts payable and accrued liabilities	8,299	(4,579)
Deferred revenue	16,720	
	(145,568)	15,882
Funds provided by operating activities	399,841	440,000
Investing Activities		
Capital expenditures	(221)	
Investments	(404,857)	(333,664)
Funds used by investing activities	(405,078)	(333,664)
Increase (Decrease) in Cash Position	(5,237)	106,336
Cash Position, Beginning of Year	128,824	22,488
Cash Position, End of Year	123,587	128,824

See accompanying notes

NIAGARA COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2002

Organization

Niagara Community Foundation was incorporated without share capital in April, 2000 as a non-profit corporation under the laws of Canada. The Foundation is a public foundation registered under the Income Tax Act (Canada) and, as such, is exempt from income taxes and able to issue donation receipts for income tax purposes. Niagara Community Foundation serves the Niagara Peninsula by building permanently endowed charitable funds for the changing needs and opportunities of the community.

1. Significant Accounting Policies

The financial statements of the corporation are the representations of management prepared in accordance with Canadian generally accepted accounting principles, consistently applied. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgement in the light of available information. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

Fund accounting

The operating fund reports resources available for the foundation's general operating activities including fixed assets.

The endowment fund reports resources that are required to be maintained by the foundation on a permanent basis.

Revenue recognition

Contributions are recognized as revenue of the appropriate fund as received, except in the case of donated goods and services. Donated goods and services are recognized when the goods are received or services are provided.

Temporary investments

Temporary investments are valued at the lower of cost and market value.

Gifts-in-kind

Gifts-in-kind are recognized when the fair value can be reasonably estimated, the materials are used in the normal course of operations and the organization would have purchased the materials or services if they had not been contributed.

Investments and investment income

Investments are recorded at year-end market values. Investment income includes dividends, interest, realized gains (losses), and the net change in unrealized gains (losses) for the year.

NIAGARA COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2002

1. Significant Accounting Policies - continued

Fixed assets and depreciation

Fixed assets are recorded at cost. Expenditures for maintenance and repairs are charged to operating expenses.

Depreciation is calculated using the declining balance method at rates designed to amortize the cost of fixed assets as follows:

Equipment and furnishings	- 20 %
Computer equipment	- 30 %

Additions during the year are depreciated from the month of acquisition. Disposals are depreciated until the month of disposition. Gains or losses on assets sold or otherwise disposed of are included in the statement of operations

2. Fixed Assets

	Cost \$	Accumulated Depreciation \$	2002 \$	2001 \$
Equipment and furnishings	3,201	1,187	2,014	2,273
Computer equipment	1,132	633	499	713
	4,333	1,820	2,513	2,986

3. Operating Fund Balance

	2002 \$	2001 \$
Invested in fixed assets	2,513	2,986
Unrestricted	93,401	92,776
	95,914	95,762

4. Financial Instruments

Price risk

The foundation has investments totaling \$1,047,434 which fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. Accordingly, the foundation is exposed to the effects of market rate fluctuations.

Cash flow risk

The foundation has investments totaling \$150,000 which bear interest based on market rates. Accordingly, the foundation is exposed to the effects of interest rate fluctuations.

NIAGARA COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2002

5. Disbursement Quota

The foundation is required to disburse \$82,417 and has an excess carry-forward of \$76,649 resulting in a net disbursement of \$5,768.

6. Comparative Figures

Prior year amounts have been restated to conform to current year's presentation.